

# SENATE BILL REPORT

## SB 6790

---

---

As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, February 3, 2010

**Title:** An act relating to providing regional economic development services.

**Brief Description:** Providing regional economic development services.

**Sponsors:** Senator Kastama.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/01/10, 2/03/10 [DPS-WM].

---

### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** That Substitute Senate Bill No. 6790 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and McCaslin.

**Staff:** Jack Brummel (786-7428)

**Background:** Associate development organizations (ADOs) deliver direct assistance to companies, and support research, planning, and implementation of regional and local economic development strategies. The Department of Commerce (Department) currently contracts with 35 ADOs serving the 39 counties in Washington. ADOs are required to participate in coordinated regional planning efforts with workforce development councils, including assistance to regional industry clusters.

An industry cluster is a geographic grouping of interdependent, competitive companies, and their suppliers, and supporting institutions. In 2006 the Legislature directed the Department to work with industry clusters associations and established a competitive grant program for regional cluster strategies. A total of \$264,000 was awarded in 2006 for aerospace, marine services, clean technology, and wine cluster grants. The grant program has not been funded in subsequent bienniums.

The Legislature created the Innovation Partnership Zones (IPZ) program in 2007 to stimulate the growth of industry clusters and to build regional economies. IPZs bring together

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

research, workforce training and globally-competitive companies in close geographic proximity for a cooperative, research-based effort that will lead to new commercially viable products and jobs. The Department is to convene an annual information sharing event for IPZ administrators and other interested parties.

**Summary of Bill (Recommended Substitute):** In developing industry cluster-based strategies, the Department is to promote industry cluster involvement in IPZs and in the application process for designation of IPZs. The competitive cluster grant program is changed. It is to integrate sector-based and cluster-based strategies with the development of IPZs.

**EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute):** The sections related to regional grants and ADOs are removed.

**Appropriation:** For the state general fund for the regional grant program: \$2,200,000. For the integration of sector, cluster, and IPZ efforts: \$800,000 (including \$600,000 for grants).

**Fiscal Note:** Requested on January 29, 2010.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** CON: The section dealing with regional grants would cause counties and regions to compete with each other. The current system works well. ADO funding is through private-public partnerships. ADOs are jobs focused, and focus on solutions.

OTHER: Language regarding coordination of workforce and economic development planning efforts is better in the current code.

**Persons Testifying:** CON: Matt Matayoshi, Mason County EDC.

OTHER: Bryan Wilson, Workforce Development Board.